

respective regions and with respect to requests by individual grant recipients.

Having established both a proper basis to specify the particular good required for this project and that this manufactured good was not available from a producer in the United States, the City is hereby granted a waiver from the Buy American requirements of Section 1605(a) of Public Law 111–5. This waiver permits use of ARRA funds for the purchase of a non-domestic manufactured ultraviolet light disinfection treatment system documented in City's waiver request submittal dated February 4, 2010. This supplementary information constitutes the detailed written justification required by Section 1605(c) for waivers based on a finding under subsection (b).

Authority: Pub. L. 111–5, section 1605.

Dated June 15, 2010.

Ira W. Leighton,

Acting Regional Administrator, EPA Region 1—New England.

[FR Doc. 2010–15342 Filed 6–23–10; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

[GN Docket No. 10–127; FCC 10–114]

Framework for Broadband Internet Service

AGENCY: Federal Communications Commission.

ACTION: Notice.

SUMMARY: This document begins an open, public process to consider the adequacy of the current legal framework within which the Commission promotes investment and innovation in, and protects consumers of, broadband Internet service. Recent developments—including a decision of the United States Court of Appeals for the District of Columbia Circuit and affirmation from Congress that the Commission plays a vital role with respect to broadband—lead the Commission to seek comment on our legal framework for broadband Internet service.

DATES: Comments must be submitted by July 15, 2010, and reply comments must be submitted by August 12, 2010.

ADDRESSES: You may submit comments, identified by GN Docket No. 10–127, by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Federal Communications Commission's Web Site:* <http://fjallfoss.fcc.gov/ecfs2/>. Follow the instructions for submitting comments.

- *People with Disabilities:* Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: FCC504@fcc.gov or phone: 202–418–0530 or TTY: 202–418–0432.

For detailed instructions for submitting comments and additional information on the rulemaking process, see the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT:

Chris Killion or David Tannenbaum, Office of General Counsel, 202–418–1700.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Inquiry (Notice), FCC 10–114, adopted on June 17, 2010, and released on June 17, 2010. Interested parties may file comments on or before July 15, 2010, and reply comments on or before August 12, 2010. Comments and reply comments may be filed: (1) Using the Commission's Electronic Comment Filing System (ECFS), (2) using the Federal Government's eRulemaking Portal, or (3) by filing paper copies. See *Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121, May 1, 1998. All filings related to this Notice should refer to GN Docket No. 10–127. Further, we strongly encourage parties to develop responses to this Notice that adhere to the organization and structure of this Notice.

- *Electronic Filers:* Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.

- *Paper Filers:* Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW., Room TW–A325, Washington, DC 20554. The filing hours are 8 a.m. to 7 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of *before* entering the building.

- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.

- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW., Washington, DC 20554.

Parties shall also serve one copy with the Commission's copy contractor, Best Copy and Printing, Inc. (BCPI), Portals II, 445 12th Street, SW., Room CY–B402, Washington, DC 20554, (202) 488–5300, or via e-mail to fcc@bcpiweb.com.

The inquiry this Notice initiates shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission's ex parte rules. Persons making oral ex parte presentations are reminded that memoranda summarizing the presentations must contain summaries of the substance of the presentations and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented generally is required. Other requirements pertaining to oral and written presentations are set forth in section 1.1206(b) of the Commission's rules. Ex parte comments may be filed at any time except during the Sunshine Period. Ex parte comments may be filed: (1) Using the Commission's Electronic Comment Filing System (ECFS), (2) using the Federal Government's eRulemaking Portal, (3) by filing paper copies, or (4) by posting comments and ideas on the Broadband.gov blog at <http://blog.broadband.gov/?categoryId=494971> or on <http://broadband.ideascale.com/a/ideafactory.do?discussionID=11271>. In addition to the usual methods for filing ex parte comments, the Commission is allowing ex parte comments in this proceeding to be filed by posting comments on <http://blog.broadband.gov/?categoryId=494971> and on <http://broadband.ideascale.com/a/ideafactory.do?discussionID=11271>. Accordingly, persons wishing to examine the record in this proceeding should examine the record on ECFS, <http://blog.broadband.gov/?categoryId=494971> and <http://broadband.ideascale.com/a/ideafactory.do?discussionID=11271>. Although those posting comments on the blog may choose to provide identifying information or may comment anonymously, anonymous comments will not be part of the record in this proceeding and accordingly will not be relied on by the Commission in reaching its conclusions in this rulemaking. The Commission will not rely on anonymous postings in reaching conclusions in this matter because of

the difficulty in verifying the accuracy of information in anonymous postings. Should posters provide identifying information, they should be aware that although such information will not be posted on the blog, it will be publicly available for inspection upon request.

Documents in GN Docket No. 10–127 will be available for public inspection and copying during business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW., Room CY–A257, Washington, DC 20554. The documents may also be purchased from BCPI, telephone (202) 488–5300, facsimile (202) 488–5563, TTY (202) 488–5562, e-mail fcc@bcpiweb.com.

People with Disabilities: To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202–418–0530 (voice), 202–418–0432 (tty).

1. This Notice begins an open, public process to consider the adequacy of the current legal framework within which the Commission promotes investment and innovation in, and protects consumers of, broadband Internet service. In this Notice we use the term “broadband Internet service” to refer to the bundle of services that facilities-based providers sell to end users in the retail market. This bundle allows end users to connect to the Internet, and often includes other services such as e-mail and online storage. In prior orders we have referred to this bundle as “broadband Internet access service.” We use the term “wired,” as in “wired broadband Internet service,” to distinguish platforms such as digital subscriber line (DSL), fiber, cable modem, and broadband over power lines (BPL), from platforms that rely on wireless connections to provide Internet connectivity and other services in the last mile. We refer to the service that may constitute a telecommunications service as “Internet connectivity service” or “broadband Internet connectivity service.” As discussed below, Internet connectivity service allows users to communicate with others who have Internet connections, send and receive content, and run applications online. For administrative simplicity we incorporate the same distinction between broadband and narrowband that the Commission applied in the classification orders we revisit here. That is, services with over 200 kbps capability in at least one direction will be considered “broadband” for the particular purposes of these Notices. Until a recent decision of the United States Court of Appeals for the District

of Columbia Circuit, there was a settled approach to facilities-based broadband Internet service, which combined minimal regulation with meaningful Commission oversight. The *Comcast* opinion, however, held that the Commission went too far when it relied on its “ancillary authority” to enjoin a cable operator from secretly degrading its customers’ lawful Internet traffic. *Comcast* appears to undermine prior understandings about the Commission’s ability under the current framework to provide consumers basic protections when they use today’s broadband Internet services. Moreover, the current legal classification of broadband Internet service is based on a record that was gathered a decade ago. Congress, meanwhile, has reaffirmed the Commission’s vital role with respect to broadband, and the Commission has developed a National Broadband Plan recommending specific agency actions to encourage deployment and adoption. The Plan contains dozens of recommendations to fulfill the congressional aims articulated in the Recovery Act, including specific proposals to increase access and affordability; maximize utilization of broadband Internet services; and enhance public safety, consumer welfare and education throughout the United States. Roughly half of the Plan’s recommendations are directed to the Commission itself.

2. These developments lead us to seek comment on our legal framework for broadband Internet service. In addition to seeking original suggestions from commenters, we ask questions about three specific approaches. First addressing the wired service offered by telephone and cable companies and other providers, we seek comment on whether our “information service” classification of broadband Internet service remains adequate to support effective performance of the Commission’s responsibilities. We then ask for comment on the legal and practical consequences of classifying Internet connectivity service as a “telecommunications service” to which all the requirements of Title II of the Communications Act would apply. Finally, we identify and invite comment on a third way under which the Commission would: (i) Reaffirm that Internet information services should remain generally unregulated; (ii) identify the Internet connectivity service that is offered as part of wired broadband Internet service (and only this connectivity service) as a telecommunications service; and (iii) forbear under section 10 of the

Communications Act from applying all provisions of Title II other than the small number that are needed to implement the fundamental universal service, competition and small business opportunity, and consumer protection policies that have received broad support. We seek comment on the same issues as they relate to terrestrial wireless and satellite broadband Internet services, as well as on other factual and legal issues specific to these wireless services that bear on their appropriate classification. We further seek comment on discrete issues, including the states’ proper role with respect to broadband Internet service.

Introduction

3. This Commission exists “[f]or the purpose of regulating interstate and foreign commerce in communication by wire and radio so as to make available, so far as possible, to all people of the United States * * * a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges, for the purpose of the national defense, [and] for the purpose of promoting safety of life and property through the use of wire and radio communications.” During more than 75 years of technological progress—from the time of tube radios and telephone switchboards to the modern era of converged digital services—the Commission has promoted innovation and investment in new communications services and protected and empowered the businesses and consumers who depend on them.

4. We have held to our pro-competition and pro-consumer mission in the Internet Age. Indeed, for at least the last decade the Commission has taken a consistent approach to Internet services—one that industry has endorsed and Congress and the United States Supreme Court have approved. This approach consists of three elements: The Commission generally does not regulate Internet content and applications; access to an Internet service provider via a dial-up connection is subject to the regulatory rules for telephone service; and for the broadband Internet services that most consumers now use to reach the Internet, the Commission has refrained from regulation when possible, but has the authority to step in when necessary to protect consumers and fair competition.

5. The first element of our consistent approach, preserving the Internet’s capacity to enable a free and open forum for innovation, speech, education, and job creation, finds expression in (among other provisions) section 230 of the

Communications Act, which states Congress's conclusion that "[t]he Internet and other interactive computer services have flourished, to the benefit of all Americans, with a minimum of government regulation."

6. The second element, oversight of dial-up access to the Internet under the common carriage framework of Title II of the Communications Act, is a facet of traditional telephone regulation. Although Internet users increasingly depend on broadband communications connections for Internet access, approximately 5.6 million American households still use a dial-up telephone connection.

7. The third element of the framework, restrained oversight of broadband Internet service, was expressed clearly on September 23, 2005, for example, when the Commission released two companion decisions. The first "establishe[d] a minimal regulatory environment for wireline broadband Internet access services." It reclassified telephone companies' broadband Internet service offerings as indivisible "information services" subject only to potential regulation under Title I of the Communications Act and the doctrine of ancillary authority. In that decision, the Commission articulated its belief that "the predicates for ancillary jurisdiction are likely satisfied for any consumer protection, network reliability, or national security obligation that we may subsequently decide to impose on wireline broadband Internet access service providers." The second decision that day adopted principles for an open Internet, again expressing confidence that the Commission had the "jurisdiction necessary to ensure that providers of telecommunications for Internet access * * * are operated in a neutral manner." Earlier this year, the Commission unanimously reaffirmed in a *Joint Statement on Broadband* that "[e]very American should have a meaningful opportunity to benefit from the broadband communications era," and that "[w]orking to make sure that America has world-leading high-speed broadband networks—both wired and wireless—lies at the very core of the FCC's mission in the 21st Century." Together, these and other agency decisions show the Commission's commitment to restrained oversight of broadband Internet service, and its equally strong resolve to ensure universal service and protect consumers and fair competition in this area when necessary.

8. Before the *Comcast* case, most stakeholders—including major

communications service providers—shared the Commission's view that the information service classification allowed the Commission to exercise jurisdiction over broadband Internet services when required. But the D.C. Circuit concluded that the Commission lacked authority to prohibit practices of a major cable modem Internet service provider that involved secret interruption of lawful Internet transmissions, which the Commission found were unjustified and discriminatory and denied users the ability to access the Internet content and applications of their choice. Today, in the wake of the *Comcast* decision, the Commission faces serious questions about the legal framework that will best enable it to carry out, with respect to broadband Internet service, the purposes for which Congress established the agency. Meanwhile, Congress has highlighted the importance of broadband networks and Internet-based content and services for economic growth and development and has directed the Commission to develop policies to address concerns about the pace of deployment, adoption, and utilization of broadband Internet services in the United States.

9. *Comcast* makes unavoidable the question whether the Commission's current legal approach is adequate to implement Congress's directives. In this Notice, we seek comment on the best way for the Commission to fulfill its statutory mission with respect to broadband Internet service in light of the legal and factual circumstances that exist today. We do so while standing ready to serve as a resource to Congress as it considers additional legislation in this area. Commenters may wish to address how the Commission should proceed on these issues in light of Congressional developments.

10. We emphasize that the purpose of this proceeding is to ensure that the Commission can act within the scope of its delegated authority to implement Congress's directives with regard to the broadband communications networks used for Internet access. These networks are within the Commission's subject-matter jurisdiction over communication by wire and radio and historically have been supervised by the Commission. We do not suggest regulating Internet applications, much less the content of Internet communications. We also will not address in this proceeding other Internet facilities or services that currently are lightly regulated or unregulated, such as the Internet backbone, content delivery networks (CDNs), over-the-top video services, or voice-over-Internet-Protocol (VoIP)

telephony services. Our questions instead are directed toward addressing broadband Internet service in a way that is consistent with the Communications Act, reduces uncertainty that may chill investment and innovation if allowed to continue, and accomplishes Congress's pro-consumer, pro-competition goals for broadband.

Discussion

Background

11. The Commission has long sought to ensure that communications networks support a robust marketplace for computer services operated over publicly accessible networks, from the early database lookup services to today's social networking sites. To provide context for the later discussion of the Commission's options for a suitable framework for broadband Internet service, we briefly describe this historical backdrop.

The Commission's Classification Decisions

12. In 1966, the Commission initiated its *Computer Inquiries* "to ascertain whether the services and facilities offered by common carriers are compatible with the present and anticipated communications requirements of computer users." In *Computer I*, the Commission required "maximum separation" between large carriers that offered data transmission services subject to common carrier requirements and their affiliates that sold data processing services. Refining this approach, in *Computer II* and *Computer III* the Commission required facilities-based providers of "enhanced services" to separate out and offer on a common carrier basis the "basic service" transmission component underlying their enhanced services.

13. In the Telecommunications Act of 1996, Congress built upon the *Computer Inquiries* by codifying the Commission's distinction between "telecommunications services" used to transmit information (akin to offerings of "basic services") and "information services" that run over the network (akin to "enhanced services"). In a 1998 report to Congress, the Commission attempted to indicate how it might apply the new law in the Internet context. Approximately 98 percent of households with Internet connections then used traditional telephone service to "dial up" their Internet access service provider, which was typically a separate entity from their telephone company. In the report to Congress—widely known as the "*Stevens Report*," after Senator Ted Stevens—the Commission stated

that Internet access service as it was then being provided was an "information service." The *Stevens Report* declined to address whether entities that provided Internet connectivity over their own network facilities were offering a separate telecommunications component. The courts, rather than the Commission, first answered that question.

14. In 2000 the United States Court of Appeals for the Ninth Circuit held that cable modem Internet service is a telecommunications service to the extent that the cable operator "provides its subscribers Internet transmission over its cable broadband facility" and an information service to the extent the operator acts as a "conventional [Internet Service Provider (ISP)]." At the time, the Commission's *Computer Inquiry* rules required telephone companies to offer their digital subscriber line (DSL) transmission services as telecommunications services. The Ninth Circuit's decision thus put cable companies' broadband transmission service on a regulatory par with DSL transmission service.

15. In 2002, the Commission exercised its authority to interpret the Act and disagreed with the Ninth Circuit. Addressing the classification of cable modem service, the Commission observed that "[t]he Communications Act does not clearly indicate how cable modem service should be classified or regulated." Based on a factual record that had been compiled largely in 2000, the Commission's *Cable Modem Declaratory Ruling* described cable modem service as "typically includ[ing] many and sometimes all of the functions made available through dial-up Internet access service, including content, e-mail accounts, access to news groups, the ability to create a personal Web page, and the ability to retrieve information from the Internet, including access to the World Wide Web." The Commission noted that cable modem providers often consolidated these functions "so that subscribers usually do not need to contract separately with another Internet access provider to obtain discrete services or applications, such as an e-mail account or connectivity to the Internet, including access to the World Wide Web." The Commission defined cable modem service as "a service that uses cable system facilities to provide residential subscribers with high-speed Internet access, as well as many applications or functions that can be used with high-speed Internet access."

16. The Commission identified a portion of the cable modem service it called "Internet connectivity," which it described as establishing a physical

connection to the Internet and interconnecting with the Internet backbone, and sometimes including protocol conversion, Internet Protocol (IP) address number assignment, domain name resolution through a domain name system (DNS), network security, caching, network monitoring, capacity engineering and management, fault management, and troubleshooting. The *Ruling* also noted that "[n]etwork monitoring, capacity engineering and management, fault management, and troubleshooting are Internet access service functions that are generally performed at an ISP or cable operator's Network Operations Center (NOC) or back office and serve to provide a steady and accurate flow of information between the cable system to which the subscriber is connected and the Internet." The Commission distinguished these functions from "Internet applications [also] provided through cable modem services," including "e-mail, access to online newsgroups, and creating or obtaining and aggregating content," "home pages," and "the ability to create a personal Web page."

17. The Commission found that cable modem service was "an offering . . . which combines the transmission of data with computer processing, information provision, and computer interactivity, enabling end users to run a variety of applications." The Commission further concluded that, "as it [was] currently offered," cable modem service as a whole met the statutory definition of "information service" because its components were best viewed as a "single, integrated service that enables the subscriber to utilize Internet access service," with a telecommunications component that was "not . . . separable from the data processing capabilities of the service." The Commission thus concluded that cable modem service "does not include an offering of telecommunications service to subscribers."

18. When the United States Supreme Court considered the *Cable Modem Declaratory Ruling* in the *Brand X* case, all parties agreed that cable modem service either *is* or *includes* an information service. The Court therefore focused, in pertinent part, on whether the Commission permissibly interpreted the Communications Act in concluding that cable modem service providers offer only an information service, rather than a separate telecommunications service and information service. The Court's opinion reaffirms that courts must defer to the implementing agency's reasonable interpretation of an ambiguous statute. Justice Thomas,

writing for the six-Justice majority, recited that "ambiguities in statutes within an agency's jurisdiction to administer are delegations of authority to the agency to fill the statutory gap in reasonable fashion. Filling these gaps * * * involves difficult policy choices that agencies are better equipped to make than courts." Furthermore, "[a]n initial agency interpretation is not instantly carved in stone. On the contrary, the agency * * * must consider varying interpretations and the wisdom of its policy on a continuing basis."

19. Turning specifically to the Communications Act, Justice Thomas wrote: "[T]he statute fails unambiguously to classify the telecommunications component of cable modem service as a distinct offering. This leaves federal telecommunications policy in this technical and complex area to be set by the Commission." "The questions the Commission resolved in the order under review," Justice Thomas summed up, "involve a subject matter [that] is technical, complex, and dynamic. The Commission is in a far better position to address these questions than we are." Justice Breyer concurred with Justice Thomas, stating that he "believe[d] that the Federal Communications Commission's decision falls within the scope of its statutorily delegated authority," although "perhaps just barely."

20. In dissent, Justice Scalia, joined by Justices Souter and Ginsburg, expressed the view that the Commission had adopted "an implausible reading of the statute[,] * * * thus exceed[ing] the authority given it by Congress." Justice Scalia reasoned that "the telecommunications component of cable-modem service retains such ample independent identity that it must be regarded as being on offer—especially when seen from the perspective of the consumer or end user."

21. After the Supreme Court affirmed the Commission's authority to classify cable modem service, the Commission eliminated the resulting regulatory asymmetry between cable companies and other broadband Internet service providers by issuing follow-on orders that extended the information service classification to broadband Internet services offered over DSL and other wireline facilities, power lines, and wireless facilities. The Commission nevertheless allowed these providers, at their own discretion, to offer the broadband transmission component of their Internet service as a separate telecommunications service. Exercising that flexibility, providers—including more than 840 incumbent local

telephone companies—currently offer broadband transmission as a telecommunications service expressly separate from their Internet information service.

The Commission's Established Policy Goals

22. In the 1996 Act, Congress made clear its desire that the Commission promote the widespread availability of affordable Internet connectivity services, directing the Commission to adopt universal service mechanisms to ensure that “[a]ccess to advanced telecommunications and information services * * * [is] provided in all regions of the Nation.” Congress also instructed the Commission to “encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans.” The Commission’s classification decisions in the *Cable Modem Declaratory Ruling* and the later follow-on orders were intended to support the policy goal of encouraging widespread deployment of broadband. The Commission’s hypothesis was that classifying all of broadband Internet service as an information service, outside the scope of any specific regulatory duty in the Act, would help achieve Congress’ aims.

23. At the same time, the Commission acted with the express understanding that its information service classifications would not impair the agency’s ability to protect the public interest. For example, when the Commission permitted telephone companies to offer broadband Internet service as solely an information service, it emphasized that this new classification would not remove the agency’s “ample” Title I authority to accomplish policy objectives related to consumer protection, network reliability, and national security. The *Wireline Broadband Report and Order* thus was accompanied by a *Broadband Consumer Protection Notice*, in which the Commission sought comment on “a framework that ensures that consumer protection needs are met by *all* providers of broadband Internet access service, regardless of the underlying technology.” The Commission stressed that its ancillary jurisdiction was “ample to accomplish the consumer protection goals we identify.” The Commission similarly referenced the *Broadband Consumer Protection Notice* when it extended the information service classification to broadband Internet services offered over power lines and wireless facilities.

24. On the same day it adopted the *Wireline Broadband Report and Order*

and *Broadband Consumer Protection Notice*, moreover, the Commission unanimously adopted the *Internet Policy Statement*. In this *Statement*, the Commission articulated four principles “[t]o encourage broadband deployment and preserve and promote the open and interconnected nature of the public Internet,” and to “foster creation adoption and use of Internet broadband content, applications, services and attachments, and to insure consumers benefit from the innovation that comes from competition.” The principles are:

- consumers are entitled to access the lawful Internet content of their choice;
- consumers are entitled to run applications and use services of their choice, subject to the needs of law enforcement;
- consumers are entitled to connect their choice of legal devices that do not harm the network; and
- consumers are entitled to competition among network providers, application and service providers, and content providers. All principles are subject to reasonable network management.

The Commission expressed confidence that it had the “jurisdiction necessary to ensure that providers of telecommunications for Internet access * * * are operated in a neutral manner.”

Legal Developments

25. Recent legislative and judicial developments suggest a need to revisit the Commission’s approach to broadband Internet service. Since 2008, Congress has passed three significant pieces of legislation that reflect its strong interest in ubiquitous deployment of high speed broadband communications networks and bear on the Commission’s policy goals for broadband: the 2008 Farm Bill directing the Chairman to submit to Congress “a comprehensive rural broadband strategy,” including recommendations for the rapid buildout of broadband in rural areas and for how federal resources can “best * * * overcome obstacles that impede broadband deployment”; the Broadband Data Improvement Act, to improve data collection and “promote the deployment of affordable broadband services to all parts of the Nation”; and the Recovery Act, which, among other things, appropriated up to \$7.2 billion to evaluate, develop, and expand access to and use of broadband services, and required the Commission to develop the National Broadband Plan to ensure that every American has “access to broadband capability and * * * establish benchmarks for meeting that

goal.” In the Recovery Act, Congress further directed the Commission to produce a “detailed strategy for achieving affordability of such service and maximum utilization of broadband infrastructure and service by the public,” and a “plan for [the] use of broadband structure and services” to advance national goals such as public safety, consumer welfare, and education. These three pieces of legislation, passed within a span of nine months, make clear that the Commission must retain its focus on implementing broadband policies that encourage investment, innovation, and competition, and promote the interests of consumers.

26. Even more recently, the D.C. Circuit’s rejection of the Commission’s attempt to address a broadband Internet service provider’s unreasonable traffic disruption practices has cast a shadow over the Commission’s prior understanding of its authority over broadband Internet services. In late 2007, the Commission received a complaint alleging that Comcast was blocking peer-to-peer traffic in violation of the *Internet Policy Statement*. In 2008, the Commission granted the complaint and directed Comcast to disclose specific information about its network management practices to the Commission, submit a compliance plan detailing how it would transition away from unreasonable network management practices, and disclose to the public the network management practices it intends to use going forward. Comcast challenged that decision in the D.C. Circuit, arguing (among other things) that the Commission lacks authority to prohibit a broadband Internet service provider from engaging in discriminatory practices that violate the four principles the Commission announced in 2005.

27. On April 6, 2010, the D.C. Circuit granted Comcast’s petition for review and vacated the Commission’s enforcement decision, holding that the Commission had “failed to tie its assertion of ancillary authority over Comcast’s Internet service to any ‘statutorily mandated responsibility.’” The Commission had argued that ending Comcast’s secret practices was ancillary to the statutory objectives Congress established for the Commission in sections 1 and 230(b) of the Act. The court rejected that argument on the ground that those sections are merely statements of policy by Congress—as opposed to grants of regulatory authority—and thus were not sufficient to support Commission action against Comcast. The court also rejected the Commission’s position that various

other statutory provisions supported ancillary authority. As to section 706 of the Telecommunications Act of 1996, the court noted that the agency had previously interpreted section 706 as not constituting a grant of authority and held that the Commission was bound by that interpretation for purposes of the case. The court also rejected the agency's reliance on sections 201, 256, 257, and 623 of the Communications Act.

Approaches to Classification

28. In light of the legislative and judicial developments described above, we seek comment on whether our existing legal framework adequately supports the Commission's previously stated policy goals for broadband. First, we ask whether the current information service classification of broadband Internet service can still support effective performance of the Commission's core responsibilities. Second, we ask for comment on the legal and practical consequences of classifying the Internet connectivity component of broadband Internet service as a "telecommunications service" to which the full weight of Title II requirements would apply, and whether such a classification would accurately reflect the current market facts. Finally, we identify and invite comment on a third way, under which the Commission would classify the Internet connectivity portion of broadband Internet service as a telecommunications service but would simultaneously forbear, using the section 10 authority Congress delegated to us, from all but a small handful of provisions necessary for effective implementation of universal service, competition and small business opportunity, and consumer protection policies.

29. The Commission has frequently expressed its commitment to protecting consumers and promoting innovation, investment, and competition in the broadband context. We reaffirm that commitment here and ask commenters to address—in general terms, as well as in response to the specific questions posed below—which of the three alternative regulatory frameworks for broadband Internet service (or what other framework) will best position the Commission to advance these fundamental goals. We note that because the broadband Internet service classification questions posed in this part II.B involve an interpretation of the Communications Act, the notice and comment procedures we follow here are not required under the Administrative Procedure Act. In order to provide the

greatest possible opportunity for public comment, however, we are soliciting initial and reply comments via the traditional filing mechanisms, as well as input through our recently expanded online participation tools.

Continued Information Service Classification and Reliance on Ancillary Authority

30. In this part, we seek comment on maintaining the current classification of wired broadband Internet service as a unitary information service. Under this approach, we would rely primarily on our ancillary authority to implement the Commission's broadband policies. We seek comment on whether our ancillary authority continues to provide an adequate legal foundation. Throughout the last decade, the Commission has stated its consistent understanding that Title I provided the Commission adequate authority to support effective performance of its core responsibilities. Commissioners, including the two former Chairmen who urged the information service approach, as well as cable and telephone companies and other interested parties, individually expressed this understanding. In *Brand X*, the Supreme Court appeared to confirm this widely held view, stating that "the Commission remains free to impose special regulatory duties on facilities-based ISPs under its Title I ancillary jurisdiction." The *Comcast* decision, however, causes us to reexamine our ability to rely on Title I as the legal basis for implementing broadband policies.

31. Some have suggested that although the D.C. Circuit rejected the Commission's theory of ancillary authority in *Comcast*, the Commission can still accomplish many of its most important broadband-related goals without changing its classification of broadband Internet service as a unitary information service. We seek comment on the overall scope of the Commission's authority regarding broadband Internet service in the wake of the *Comcast* decision. Below we identify and seek comment on several particular concerns.

Universal Service

32. Can the Commission reform its universal service program to support broadband Internet service by asserting direct authority under section 254, combined with ancillary authority under Title I? AT&T, for example, observes that section 254 provides that "[a]ccess to advanced telecommunications and information services should be provided in all regions of the nation," and that the

Commission's universal service programs "shall" be based on this and other enumerated principles. AT&T notes that the Commission's information service classification for broadband Internet service creates "tension" with "the text of Section 254(c)(1), which states that '[u]niversal service is an evolving level of telecommunications services that the Commission shall establish periodically under this section.'" But, AT&T suggests, "[o]ther evidence in the statutory text makes clear that Congress did not intend to disable the Commission from using universal service to support information services." For example,

- "Section 254(b) requires the Commission to use universal service to promote access to 'advanced telecommunications and information services,'"

- "Section 254(c) * * * [refers] to an 'evolving level of telecommunications services that the Commission shall establish periodically under this section[.]'" and

- Section 254(c)(2) "expressly authoriz[es] the Joint Board and the Commission to 'modif[y] * * * the definition of the services that are supported by Federal universal support mechanisms.'" The reference to "services" in section 254(c)(2) may suggest that Congress intended universal service policies to support information services, even though the definition of universal service in section 254(c)(1) is explicitly limited to "telecommunications services."

AT&T explains that section 254 "contains competing directives," but asserts that "the schizophrenic nature of Section 254 is simply another example of the many ways in which the 1996 Act is not a 'model of clarity.'"

33. We seek comment on whether we may interpret section 254 to give the Commission authority to provide universal service support for broadband Internet service if that service is classified as a unitary information service. Could we provide support to information service providers consistent with section 254(e), which says that "only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support," and 214(e), which sets forth the framework for designating "telecommunications carrier[s] * * * eligible to receive universal service support"?

34. AT&T posits that even after the *Comcast* decision, the Commission could bolster its reliance on section 254 by also relying on several other provisions of the Act. First, the "necessary and proper clause" in section

4(i) of the Act allows the Commission to “perform any and all acts, make such rules and regulations, and issue such orders, not inconsistent with this chapter, as may be necessary in the execution of its functions.” Second, the Act makes clear that the Commission’s “core statutory mission” is to “make available, so far as possible, to all the people of the United States * * * a rapid, efficient, Nation-wide and world-wide wire and radio communication service with adequate facilities at reasonable charges.” Third, the text of 254, as described above, suggests that Congress intended the Commission to support universal broadband Internet service. Finally, the policy directive in section 706 of the 1996 Act instructs the Commission to encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans. AT&T contends that section 706’s directive supports the view that section 254 provides authority for supporting broadband Internet services with monies from the Universal Service Fund. We seek comment on AT&T’s analysis.

35. The National Cable and Telecommunications Association (NCTA) has put forward a similar legal theory rooted in section 254(h)(2) of the Communications Act. That section gives the Commission authority “to enhance * * * access to advanced telecommunications and information services for all public and non-profit elementary and secondary school classrooms, health care providers, and libraries.” NCTA contends that because “the use of broadband in the home has become a critical component of the American education system * * * it is entirely reasonable to read the statutory directive to support Internet access for classrooms to include support for residential broadband service to households where it is reasonably likely that such service would be used for educational purposes.” Could the Commission interpret section 254(h)(2) to permit this type of support for broadband Internet service? Is this approach a permissible extension of the Commission’s existing E-Rate program? Would this approach enable the Commission to provide support for broadband Internet service only to households with school-aged children, or could the Commission provide support for adult education as well?

36. Another legal theory for promoting broadband deployment under the Commission’s current classification of broadband Internet service rests directly on section 706 of the 1996 Act. Section 706(a) states that

the Commission “shall encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans * * * by utilizing, in a manner consistent with the public interest, convenience, and necessity, price cap regulation, regulatory forbearance, measures that promote competition in the local telecommunications market, or other regulating methods that remove barriers to infrastructure investment.” Section 706(c) defines “advanced telecommunications capability” as “high-speed, switched, broadband telecommunications capability that enables users to originate and receive high-quality voice, data, graphics, and video telecommunications using any technology.” The D.C. Circuit rejected section 706(a) as a basis for the Commission’s *Comcast* order because “[i]n an earlier, still-binding order * * * the Commission ruled that section 706 ‘does not constitute an independent grant of authority,’” and “agencies ‘may not * * * depart from a prior policy *sub silentio*.’” We seek comment on whether the Commission should revisit and change its conclusion that section 706(a) is not an independent grant of authority. What findings would be necessary to reverse that interpretation? If the Commission were to find that section 706(a) is an independent grant of authority, would that subsection, read in conjunction with sections 4(i) and 254, provide a firm basis for the Commission to provide universal service support for broadband Internet services?

37. Some parties have suggested that the Commission could rely on section 706(b) as a source of authority to support broadband Internet service with Universal Service Fund money. That section provides that:

[t]he Commission shall * * * annually * * * initiate a notice of inquiry concerning the availability of advanced telecommunications capability to all Americans * * *. In the inquiry, the Commission shall determine whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion. If the Commission’s determination is negative, it shall take immediate action to accelerate deployment of such capability by removing barriers to infrastructure investment and by promoting competition in the telecommunications market.

We seek comment on whether we could interpret section 706(b) as an independent grant of authority. Specifically, we ask whether Congress’s direction that the Commission take “immediate action” if it makes a negative determination about the state

of broadband deployment authorizes the Commission to provide universal service support to spur that deployment. Would any such support be contingent on continued negative findings in the annual broadband availability inquiry? Under section 706(b), would universal service programs have to be tailored to particular geographic areas where deployment is lagging, or could the Commission implement the program on a national basis? Would the Commission be limited to direct support for deployment, or could the Commission interpret section 706(b) also to support broadband Internet services to low-income populations, such as is the case with our support for voice services in the Lifeline and Link Up programs?

38. For each of these legal theories, the Commission seeks comment on the administrative record that would be needed to successfully defend against a legal challenge to implementation of the theory. Would adopting these theories be consistent with the federal Anti-Deficiency Act and Miscellaneous Receipts Act? What other issues should the Commission consider in evaluating these legal theories? Are there other legal frameworks that would allow us to promote universal service in the broadband context without revisiting our classification decisions?

Privacy

39. The Commission has long supported protecting the privacy of users of broadband Internet services. In 2005, the Commission emphasized in the *Wireline Broadband Report and Order* that “[c]onsumers’ privacy needs are no less important when consumers communicate over and use broadband Internet access than when they rely on [telephone] services.” The Commission believed at the time that it had jurisdiction to enforce privacy requirements, and “noted[d] that long before Congress enacted section 222 of the Act,” which requires providers of telecommunications services to protect confidential information, “the Commission had recognized the need for privacy requirements associated with the provision of enhanced services.” In 2007, the Commission extended the privacy protections of section 222 to interconnected VoIP services without resolving whether interconnected VoIP services are telecommunications services or information services. More recently, the National Broadband Plan recommended that the Commission work with the Federal Trade Commission (FTC) to protect consumers’ privacy in the broadband context. Indeed, we fully intend that our efforts with regard to

privacy complement those of the FTC. We seek comment on the best approach for ensuring privacy for broadband Internet service users under the Commission's current information service classification, and any legal obstacles to protecting privacy that may exist if the Commission retains that classification.

Access for Individuals With Disabilities

40. Section 255 requires telecommunications service providers and equipment manufacturers to make their services and equipment accessible to individuals with disabilities, unless not readily achievable. Section 251(a)(2) requires telecommunications carriers "not to install network features, functions, or capabilities that do not comply with the guidelines and standards established pursuant to section 255." In the 2005 *Wireline Broadband Report and Order*, the Commission committed to exercise its authority "to ensure achievement of important policy goals of section 255" in the broadband context. In 2007, the Commission exercised its ancillary authority to extend section 255 to interconnected VoIP providers, and in 1999 the Commission similarly relied on ancillary authority to extend disability-related requirements to voicemail and interactive menu services. The Commission also exercised ancillary authority to extend section 225 telecommunications relay service obligations under the Commission's rules to providers of interconnected VoIP. More recently, a unanimous Commission stated its belief that disabilities should not stand in the way of Americans' "opportunity to benefit from the broadband communications era." The Commission has also announced its intent to consider how "[t]o better enable Americans with disabilities to experience the benefits of broadband." We seek comment on the best legal approaches to extending disability-related protections to broadband Internet service users under the Commission's current information service classification. Could we exercise ancillary authority to ensure access for people with disabilities? Could the Commission rely on the mandate in section 706(a) to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to *all* Americans," or the similar directive in section 706(b)?

Public Safety and Homeland Security

41. As noted above, Congress created the Commission, in part, "for the purpose of the national defense, [and]

for the purpose of promoting safety of life and property through the use of wire and radio communications." *Comcast* did not address questions of national defense, public safety, homeland security, or national security. Are there bases for asserting ancillary authority over broadband Internet service providers for purposes of advancing such vital and clearly enumerated Congressional purposes? Could the Commission use its ancillary authority as a legal foundation for protecting cyber security and other public safety initiatives, such as 911 emergency and public warning and alerting services, with respect to broadband Internet service? Specifically, could the Commission rely on provisions in Title I either alone or in combination with provisions in Title II or Title III to support these public safety purposes, as well as data reporting and/or network reliability and resiliency standards with respect to broadband Internet services? As noted below, Title III contains several provisions that enable the Commission to impose on spectrum licensees obligations that are in the public interest. With the convergence of the various modes of communications networks, many broadband Internet services incorporate wireline and wireless elements. What would be the effect if the Commission employed its Title III authority to achieve public safety goals with respect to wireless elements of such converged services? Could the Commission also regulate wireline elements of such services through its Title III and Title I authority because of the wireless elements incorporated into these services, or in the interests of ensuring regulatory parity and predictability? Could the Commission rely on the mandate in section 706(a) to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans" to ensure the security, reliability and resiliency of wired broadband Internet services, or to advance other public safety and homeland security initiatives?

Addressing Harmful Practices by Internet Service Providers

42. Although the D.C. Circuit rejected the legal theory the Commission relied on to address Comcast's interference with its customers' peer-to-peer transmissions, some have suggested that other theories of ancillary authority could support Commission action to protect against harmful practices of this sort. For example, one commentator has proposed that the Commission assert ancillary authority pursuant to sections 251(a) and 256 of the Act, which

address interconnection by telecommunications carriers. Although these provisions apply specifically to telecommunications carriers, the proposal asserts that they are not explicitly limited to the telecommunications services provided by such carriers.

43. Section 251(a) requires each carrier "to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers." Reading section 251(a) as limited to telecommunication services, it has been suggested, "would make [the Commission's] rules promoting interconnection irrelevant" as the major carriers move increasingly toward providing services over broadband Internet networks. Likewise, "[i]n a world where traditional public telecommunications networks and newer Internet-data-transmission networks are pervasively interconnected," it has been asserted, "it makes no sense to preclude the FCC's interoperability efforts [pursuant to section 256] from affecting information services."

44. We seek comment on this reasoning. What factual findings would the Commission have to make to support reliance on sections 251(a) and/or 256 with respect to broadband Internet service? Would those facts support exercise of authority sufficient to implement the Commission's broadband policies in full, or in part? Under this approach, could the Commission address conduct by broadband Internet service providers that are not also telecommunications carriers? Does reliance on sections 251(a) and 256 limit Commission authority to protect competition and consumers to only those networks that are interconnected with the public telephone network? If so, what are the practical implications of this limitation? What is the significance of the *Comcast* decision, which held that "[t]he Commission's attempt to tether its assertion of ancillary authority to section 256" was flawed in that context because section 256 states that "[n]othing in this section shall be construed as expanding or limiting any authority that the Commission" otherwise has under law? What else should the Commission consider as it evaluates the significance of sections 251(a) and 256 in this proceeding?

45. Section 202(a) of the Communications Act makes it unlawful for any common carrier to make any unjust or unreasonable discrimination in charges, practices, classifications, regulations, facilities, or services for or in connection with like communication

service, directly or indirectly, by any means or device, or to make or give any undue or unreasonable preference or advantage to any particular person, class of persons, or locality, or to subject any particular person, class of persons, or locality to any undue or unreasonable prejudice or disadvantage.

It has been suggested that “[i]f network operators are allowed the option of offering broadband Internet access services on a completely unregulated basis, that option could enable them to end run Section 202(a)” as carriers move toward providing services over broadband Internet networks, “and render that provision a dead letter.” We seek comment on the factual and legal assumptions underlying this argument, and whether this reasoning provides the Commission authority to address practices of broadband Internet service providers that endanger competition or consumer welfare.

46. As the Commission argued to the D.C. Circuit in the *Comcast* case, section 706(a) might also provide a basis for prohibiting harmful practices of Internet service providers. As noted above, the D.C. Circuit gave no weight to section 706(a) because the Commission had determined in a prior order that section 706(a) is not an independent grant of authority. We seek comment on the best reading of section 706(a). We also seek comment on whether section 706(b) could provide a legal foundation for rules addressing harmful practices by Internet service providers. If so, could the Commission adopt such rules on a national basis, or would it have to tailor its rules to particular geographic areas? Would its rules depend on continued negative determinations in the annual broadband availability report?

47. The *Comcast* opinion also rejected arguments that other provisions of Titles II, III, and VI of the Communications Act supported the Commission’s action against Comcast because Internet-enabled communications services that depend on broadband Internet service—such as VoIP and Internet video services—may affect the regulated operations of telephony common carriers, broadcasters, and cable operators. The court did not address the merits of these theories, but rather rejected them because they were not sufficiently articulated in the underlying Commission order. Could such theories provide sufficient support for the Commission to address harmful practices of Internet service providers? What type of factual record would be required to support such theories? If the Commission relied on these theories, could it prohibit behavior—such as the

covert blocking of online gaming or e-commerce services, perhaps—that does not obviously affect services clearly addressed by Titles II, III, or VI? Could the Commission rely on sections 624 or 629 of the Act to establish broadband policy related to cable modem service?

48. We also invite comment on whether the portions of section 214(a) addressing discontinuance, reduction, and impairment of service provide a potential basis for an assertion of ancillary authority regarding harmful Internet service provider practices. That provision mandates that a common carrier may not “impair service to a community” without prior Commission approval. Impairment, in the section 214(a) context, refers to both “the adequacy” and “quality” of the service provided.

49. Are there other statutory provisions that could support the Commission’s exercise of ancillary authority in this area? Do any statutory provisions preclude such action if the Commission retains its information service classification?

50. Other harmful practices by broadband Internet service providers may involve a failure to disclose practices to consumers. For instance, one problem identified by the Commission in the *Comcast* case was Comcast’s failure to identify to customers its practice of degrading peer-to-peer traffic. If the Commission maintains its information services framework for broadband Internet services, will it have sufficient authority to address these concerns?

Other Approaches to Oversight

51. Finally, we ask for public input on whether there are other approaches to fulfilling our role for broadband Internet services that would provide meaningful oversight consistent with maintaining robust incentives for innovation and investment. For instance, in a number of proceedings commenters have suggested that the Commission should pursue policies based on standards set by third parties and enforced by the Commission. In the Open Internet proceeding, Verizon and Google suggest that the Commission could create technical advisory groups “comprised of a range of stakeholders with technical expertise” to develop best practices, resolve disputes, issue advisory opinions, and coordinate with standards-setting bodies. Although Verizon and Google “may not necessarily agree on which federal agency does or should have authority over these matters,” they “do recognize as a policy matter that there should be some backstop role for federal

authorities to prevent harm to competition and consumers if or when bad actors emerge anywhere in the Internet space, and * * * agree that involvement should occur only where necessary on a case-by-case basis.” Commenters in other proceedings have suggested similar approaches. We ask commenters to address whether the Commission should pursue a regime in which one or more third parties play a major role in setting standards and best practices relative to maintaining our policy goals for broadband Internet service. Pursuant to what authority could the Commission create a third party advisory group? What authority could the Commission delegate to such a third party or third parties? Would it be appropriate for other federal governmental entities, such as the FTC, to have a role in such an approach? Would the Commission have sufficient ancillary authority under its information service framework to serve as a backstop if the third party is unable to resolve a dispute or implement a necessary policy?

Application of All Title II Provisions

52. Title II of the Communications Act provides the Commission express authority to implement, for telecommunications services, rules furthering universal service, privacy, access for persons with disabilities, and basic consumer protection, among other federal policies. We seek comment on whether the legal and policy developments discussed above and the facts of today’s broadband marketplace suggest a need to classify Internet connectivity as a telecommunications service, so as to trigger this clear authority. We also ask whether that approach would be consistent with our goals of promoting innovation and investment in broadband, or would result in overregulation of a service that has undergone rapid and generally beneficial development under our deregulatory approach.

Current Facts in the Broadband Marketplace

53. In the *Cable Modem Declaratory Ruling*, the Commission observed that “the cable modem service business is still nascent, and the shape of broadband deployment is not yet clear,” and nearly a decade has passed since the Commission examined the facts surrounding broadband Internet service in the *Cable Modem Declaratory Ruling*. In this part we therefore ask whether or not the facts of today’s broadband marketplace support a conclusion that providers now offer Internet connectivity as a separate

telecommunications service. In addition to the specific questions we ask below, we seek comment on what facts are most relevant to this inquiry. The Commission has explained that because the Act defines “telecommunications service” as “the offering of telecommunications for a fee directly to the public[.]” * * * whether a telecommunications service is being provided turns on what the entity is ‘offering * * * to the public,’ and customers’ understanding of that service.” Similarly, in *Brand X*, the majority opinion noted that “[i]t is common usage to describe what a company ‘offers’ to a consumer as what the consumer perceives to be the integrated finished product.” The *Brand X* dissent asserted that “[t]he relevant question is whether the individual components in a package being offered still possess sufficient identity to be described as separate objects of the offer, or whether they have been so changed by their combination with the other components that it is no longer reasonable to describe them in that way.” The *Brand X* majority opinion and the dissent examined consumers’ understanding of the services, analogies to other services, and technical characteristics of the services being provided. What factors should the Commission consider in order to assess the proper classification of broadband Internet connectivity service?

54. *Status of Current Offerings.* Is wired broadband Internet service (or any telecommunications component thereof) held out “for a fee directly to the public, or to such classes of users as to be effectively available directly to the public,” for instance through a tariff such as the NECA DSL Access Service Tariff or through facilities-based Internet service providers’ public Web sites? A provider is engaged in common carriage if it “make[s] capacity available to the public indifferently”; it can be compelled to offer a common carriage service if “the public interest requires common carrier operation of the proposed facility.” If so, we seek specific examples of such offerings. If not, does the Commission have legal authority to compel the offering of a broadband Internet telecommunications service that is not currently offered? If legal authority exists, would it be appropriate for the Commission to exercise such authority? Are there First Amendment constraints on the Commission’s ability to compel the offering of such a service? Would such a compulsion raise any concerns under the Takings Clause of the Fifth Amendment?

55. *Services Offered Today.* When the Commission gathered the record for its

classification orders, broadband Internet service was offered with various services—such as e-mail, newsgroups, and the ability to create and maintain a web page—that we described as “Internet applications.” The Commission understood that subscribers to broadband Internet services “usually d[id] not need to contract separately” for “discrete services or applications” such as e-mail. We seek comment on whether this remains the case. To what extent are these and other applications and services sold with wired broadband Internet service today? Are providers offering the same applications and services that they did when the Commission began building the record in 2000, or have their offerings changed? Are these applications and services always packaged with Internet connectivity, or can consumers choose not to purchase them? What test(s) should the Commission use to evaluate whether particular features are today integrated with the underlying Internet connectivity?

56. *Consumer Use and Perception.* Next, we seek comment on how consumers use and perceive broadband Internet service. Do customers today perceive that they are receiving one unitary service comprising Internet connectivity as well as features and functionalities, or Internet connectivity as the main service, with additional features and functionalities simultaneously offered and provided? We note that under Commission precedent, services composing a single bundle at the point of sale—for instance, local telephone service packaged with voice mail—can retain distinct identities as separate offerings for classification purposes. To what extent do consumers continue to rely on the features and applications that are provided as part of their broadband Internet service package, and to what extent have they increased their use of applications and services offered by third party providers? For instance, some users now rely on free e-mail services provided by companies such as Yahoo and Microsoft, social networking sites including Facebook and MySpace, public message boards like those found in the Google Groups service, web portals like Netvibes, web hosting services like Go Daddy, and blog hosting services like TypePad. How does the use of these third party services compare with the use of similar services offered by broadband Internet service providers? To what extent do consumers rely on their Internet service provider or other providers for security features and

spam filtering? To what extent do consumers rely on their Internet service provider, as opposed to alternative providers, for content such as news and medical advice? To the extent broadband Internet service providers offer applications to consumers, do consumers view them as an integrated part of the Internet connectivity offering? To what extent do consumers today use “the high-speed wire always in connection with the information-processing capabilities provided by Internet access”?

57. *Marketing Practices.* We also seek comment on how broadband Internet service providers market their services. What do broadband Internet service providers’ marketing practices suggest they are offering to the public? What features do broadband Internet service providers highlight in their advertisements to consumers? How do the companies describe their services? What are the primary dimensions of competition among broadband Internet service providers? Are cable modem and other wired services marketed or understood differently from each other, or in a generally similar way?

58. *Technical and Functional Characteristics.* In addition, to aid our understanding of what carriers offer to consumers, we seek to develop a current record on the technical and functional characteristics of broadband Internet service, and whether those characteristics have changed materially in the last decade. For example, DNS lookup is now offered to consumers on a standalone basis, and web page caching is offered by third party content delivery networks. Web browsers, for example, are often installed separately by users. We ask commenters to describe the technical characteristics of broadband Internet service, including identifying those functions that are essential for web browsing and other basic consumer Internet activities. What are the necessary components of web browsing? How is caching provided to end users, and how have caching services changed over time? How do routing functions and DNS directory lookup enable users to access information online?

59. In classifying services, the Commission has taken into account the purpose of the feature or service at issue. For example, some features and services that meet the literal definition of “enhanced service,” but do not alter the fundamental character of the associated basic transmission service, are “adjunct-to-basic” and are treated as basic (*i.e.*, telecommunications) services even though they go beyond mere transmission. Do any of the features and

functionalities offered by broadband Internet service providers have relevant similarities to or differences from those that resemble an information service but are treated differently under Commission precedent? Similarly, which, if any, of the “Internet connectivity” functions listed in the *Cable Modem Declaratory Ruling* fall within the management exceptions to the information services category, and why?

60. Some have suggested that the Commission should take account of the different network “layers” that compose the Internet. Are distinctions between the functional “layers” that compose the Internet relevant and useful for classifying broadband Internet service? For example, the Commission could distinguish between physical, logical, and content and application layers, and identify some of those layers as elements of a telecommunications service and others as elements of an information service. (As discussed above, the Commission historically has distinguished between Internet connectivity functions and Internet applications.) If the Commission adopted this approach, which of the services offered by wired broadband Internet service providers should be included in each category? Are the boundaries of each layer sufficiently clear that such an approach would be workable in practice? Would such an approach have implications for services other than broadband Internet service?

61. *Competition.* We also seek comment on the level of competition among broadband Internet service providers. The Commission adopted the unitary information service classification for broadband Internet services in part “to encourage facilities-based competition.” The Commission envisioned competition among cable operators, telephone companies, satellite providers, terrestrial wireless providers, and broadband-over-powerline (BPL) providers. Has the market for broadband Internet services developed as expected, and, if not, what is the significance for this proceeding of the market’s actual development?

62. Are there other relevant facts or circumstances that bear on the Commission’s application of the statutory definition of “telecommunications service” to wired broadband Internet service?

Defining the Telecommunications Service

63. If the Commission were to classify a service provided as part of the broadband Internet service bundle as a telecommunications service, it would be

necessary to define what is being so classified. Here we ask commenters to propose approaches to defining the telecommunications service offered as part of wired broadband Internet service, assuming that the Commission finds a separate telecommunications service is being offered today, or must be offered.

64. We have previously defined “Internet connectivity” to include the functions that “enable [broadband Internet service subscribers] to transmit data communications to and from the rest of the Internet.” Identifying a telecommunications service at a similarly high level—for instance, as the service that provides Internet connectivity—may be appropriate for this proceeding if a telecommunications service is classified. Is this approach or some other mechanism appropriate to give the Internet service provider latitude to define its own telecommunications service? For instance, would it be desirable for the Commission to identify only bare minimum characteristics of an Internet connectivity service? Or is it necessary for the Commission to define the functionality, elements, or endpoints of Internet connectivity service? What are the pros and cons of these and other approaches? Would use of the term “Internet connectivity service” in this context be unduly confusing because the Commission has previously defined that term to include the function of “operating or interconnecting with Internet backbone facilities” in order to “enable cable modem service subscribers to transmit data communications to and from the rest of the Internet”?

65. Commenters should also identify the particular aspects of broadband Internet service that do and do not constitute “transmission, between or among points specified by the user, of information of the user’s choosing, without change in the form or content of the information as sent and received.” Does the catalog of Internet connectivity functions provided in the *Cable Modem Declaratory Ruling* include all the functions an end user would need from its broadband Internet service provider in order to use the Internet? Are there other connectivity functions the Commission should consider? Can the Commission draw guidance from other attempts to define the functionality of an Internet connectivity service, such as the definition in NECA’s DSL Access Service Tariff? In its tariff, NECA offers a DSL data telecommunications service to end user and Internet service provider customers. The service “enables data traffic generated by a

customer-provided modem to be transported to a DSL Access Service Connection Point using the Telephone Company’s local exchange service facilities.” The Access Service Connection Point is a point designated by the telephone company that “aggregates ADSL Access Service and/or wireline broadband Internet transmission service data traffic from and to suitably equipped Telephone Company Serving Wire Centers.”

Consequences of Classifying Internet Connectivity as a Telecommunications Service

66. If we were to classify Internet connectivity service as a telecommunications service and take no further action, that service would be subject to all requirements of Title II that apply to telecommunications service or common carrier service. If the Commission chose, it could provide support for Internet connectivity services through the Universal Service Fund under section 254. Under section 222, the Commission could ensure that consumers of Internet connectivity enjoy protections for their private information. Consumers with disabilities would see greater accessibility of broadband services and equipment under section 255. And the Commission could protect consumers and fair competition through application of sections 201, 202, and 208. Would application of all Title II requirements to the wired broadband Internet connectivity service be consistent with the approach to broadband Internet service described in part II.A.2, above? We seek comment on whether these benefits to classifying Internet connectivity as a telecommunications service would outweigh the costs of doing so, including the application of numerous regulatory provisions that the Commission, in its information service classification orders, determined should not apply. Are there any elements of our framework that the Commission could not pursue if it adopted a Title II classification? Under Title II classification what role, if any, might be played by third party standard setting bodies?

Telecommunications Service Classification and Forbearance

67. In addition to the traditional information service and telecommunications service approaches discussed above, we identify and seek comment on a third option for establishing a suitable legal foundation for broadband Internet and Internet connectivity services. This third way

would involve classifying wired broadband Internet connectivity as a telecommunications service (as suggested above), but simultaneously forbearing from applying most requirements of Title II to that connectivity service, save for a small number of provisions.

68. Specifically, if the Commission decided, after appropriate analysis, to classify wired broadband Internet connectivity (and no other component of wired broadband Internet service) as a telecommunications service, it could simultaneously forbear from applying all but a handful of core statutory provisions—sections 201, 202, 208, and 254—to the service. Two other provisions that have attracted longstanding and broad support in the broadband context—sections 222 and 255—might also be implemented for the connectivity service, perhaps after the Commission provides guidance in subsequent proceedings as to how they will apply in this context. We seek comment on this third approach, and whether it would constitute a framework for broadband Internet service that is fundamentally consistent with what the Commission, Congress, consumer groups, and industry believed the Commission could pursue under Title I before the *Comcast* decision.

Forbearing To Maintain the Deregulatory Status Quo

69. In recognition of the need to tailor the Commission's policies to evolving markets and technologies, Congress gave the Commission in 1996 the authority and responsibility to forbear from applying provisions of the Communications Act when certain criteria are met, and specifically directed the Commission to use this new power to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans." In typical forbearance proceedings, a petitioner—usually a telecommunications service provider—files a petition seeking relief from a provision of the Act that applies to it. The Commission "shall" grant the requested relief if:

(a) Enforcement of such regulation or provision is not necessary to ensure that the charges, practices, classifications, or regulations by, for, or in connection with that telecommunications carrier or telecommunications service are just and reasonable and are not unjustly or unreasonably discriminatory;

(b) enforcement of such regulation or provision is not necessary for the protection of consumers; and

(c) forbearance from applying such provision or regulation is consistent with the public interest.

In ordinary forbearance proceedings, therefore, the Commission must make a predictive judgment whether, without enforcement of the provisions or regulations in question, charges and practices will be just and reasonable, consumers will be protected, and the public interest will be served.

70. The forbearance analysis here has a different posture. The Commission would not be responding to a carrier's request to change the legal and regulatory framework that currently applies. Rather, it would be assessing whether to forbear from provisions of the Act that, because of our information service classification, *do not apply* at the time of the analysis. Under section 10, the Commission may forbear on its own motion. If the statutory criteria are met, the Commission is compelled to forbear just as if it were responding to a carrier's petition. In this situation, could the Commission simply observe the current marketplace for broadband Internet services to determine whether enforcing the currently inapplicable requirements is or is not necessary to ensure that charges and practices are just and reasonable and not unjustly or unreasonably discriminatory, whether application of the requirements is or is not necessary for the protection of consumers, and whether applying the requirements is or is not in the public interest? Section 10 allows the Commission to consider forbearance from requirements that do not currently apply or may not apply even in the absence of forbearance.

Identifying the Relevant Telecommunications Service and Telecommunications Carriers

71. In this part of the Notice we assume, solely for purposes of framing the forbearance option, that the Commission has decided to classify the Internet connectivity service underlying broadband Internet service as a telecommunications service. Section 10 provides that "the Commission shall forbear from applying any regulation or any provision of this chapter to a telecommunications carrier or telecommunications service, or class of telecommunications carriers or telecommunications services" if certain criteria are met. The relevant "telecommunications service" would be Internet connectivity service as the Commission defines it. The "class of telecommunications carriers" at issue would comprise the providers of the Internet connectivity service identified as a telecommunications service.

72. In this proceeding, however, we do not intend to disrupt the status quo for incumbent local exchange carriers or other common carriers that choose to offer their Internet transmission services as telecommunications services. Nor do we propose to alter the status quo with regard to the application of section 254(k) and related cost-allocation rules to these carriers. We therefore seek comment on excepting from forbearance any carrier that elects to be subject to the full range of Title II requirements, and on the mechanism that would be most suitable for a carrier to make such an election.

Defining the Geographic Scope for Analysis

73. Section 10 requires the Commission to forbear from unnecessary requirements "in any or some of [carriers'] geographic markets." By its terms section 10 requires no "particular * * * level of geographic rigor," and the Commission has flexibility to adopt an approach suited to the circumstances. The Commission decisions classifying broadband Internet service did not rely on any particular, defined geographic area. Instead, where those decisions evaluated the state of the marketplace, they did so "in view of larger trends." The 2005 *Wireline Broadband Report and Order* granted forbearance on a nationwide basis. The Commission has adopted a similar approach to evaluating the broadband marketplace in other forbearance decisions. Given that backdrop, and the fact that the forbearance discussed here would be designed to maintain a deregulatory status quo for wired broadband Internet service that applies across the nation, the same approach may be warranted here, with the effect that forbearance would be granted or denied on a nationwide basis. We seek comment on this approach. If commenters suggest a more granular geographic market as is sometimes used in other forbearance proceedings, we ask them to address whether such an approach would be legally required.

Identifying the Provisions of Title II From Which the Commission Would Forbear

74. The forbearance option contemplates a determination not to apply all but the small number of provisions of Title II that provide a solid legal foundation for the Commission to implement its established broadband policies. In this part, we seek comment on declining to forbear from the three core provisions of Title II—sections 201, 202, and 208. We also seek comment on whether we should decline to forbear

from section 254 in order to ensure that the Commission has clear authority to pursue universal service goals for broadband services. And we seek comment on whether we should decline to forbear from two other provisions—sections 222 and 255—that speak to two other broadband issues the Commission has believed it can address (customer privacy and access by persons with disabilities). We further seek comment on whether forbearing from any of the remaining provisions of Title II is beyond our forbearance authority or otherwise should be rejected.

75. Exclusions from Forbearance: Sections 201, 202, and 208. The Commission has never exercised its authority under section 10 to forbear from these three fundamental provisions of the Act, although it has been asked to do so on many occasions. In addition to being consistent with our precedent, a determination not to forbear from these core provisions would comport with Congress's approach to commercial mobile radio services (CMRS), such as cell phone services. In 1993, CMRS services were still nascent, and Congress specified in a new section 332(c)(1)(A) of the Communications Act that although Title II applies to CMRS, the Commission may forbear from enforcing any provision of the title *other than* sections 201, 202, and 208. After Congress gave the Commission broader forbearance authority in the Telecommunications Act of 1996, the Commission considered a petition to forbear from sections 201 and 202 as applied to certain CMRS services. The Commission rejected that forbearance request, finding that even in a competitive market those provisions are critical to protecting consumers.

76. Applying sections 201 and 202 could provide the Commission direct statutory authority to protect consumers and promote fair competition, yet allow the Commission to avoid burdensome regulation. For example, while CMRS providers are subject to sections 201 and 202, they do not file tariffs because the Commission forbore from section 203. We seek comment on these issues as well as how to address in any forbearance analysis the existing agency rules that have been promulgated under sections 201 and 202.

77. In addition, we seek comment on not forbearing from section 208 and the associated procedural rules. Would the enforcement regime that would apply if we enforce only section 208 be sufficient if we decide to forbear from the damages and jurisdictional provisions of sections 206 (carrier liability for damages), 207 (recovery of damages and forum election), and 209

(damages awards)? Would forbearance from these additional provisions render enforcement under section 208 procedurally or substantively deficient, or would section 208 (together with Title V of the Act) provide the Commission adequate authority to identify and address unlawful practices involving broadband Internet service?

78. Exclusion from Forbearance: Section 254. Section 254, the statutory foundation of our universal service programs, requires the Commission to promote universal service goals, including “[a]ccess to advanced telecommunications and information services * * * in all regions of the Nation.” In March 2010, a unanimous Commission endorsed reform of universal service programs to “encourage targeted investment in broadband infrastructure and emphasize the importance of broadband to the future of these programs.” Reforming universal service to encompass broadband is also a keystone of the National Broadband Plan. Our current universal service support programs, including our high-cost program and our low-income programs, address deployment and income-related adoption barriers for voice. The Plan recommends that the Commission provide high-cost and low-income support that ensures that all households have the ability to subscribe to a high-quality broadband connection that provides both broadband and voice services.

79. Two subsections of section 254 bear particularly on whether to forbear from this universal service provision. First, section 254(c) defines universal service as “an evolving level of *telecommunications service*.” By not forbearing from section 254(c), the Commission would retain clear authority to support the availability and adoption of broadband Internet connectivity service through reformed high-cost and low-income programs in the Universal Service Fund.

80. Second, section 254(d) requires *all* providers of telecommunications service to contribute to the Universal Service Fund on an equitable and nondiscriminatory basis. Should the Commission apply the mandatory contribution requirement to broadband Internet connectivity providers? If so, should we delay implementation of the contribution obligation, through temporary forbearance or other means, until the Commission adopts rules governing specifically how broadband Internet connectivity providers should calculate their contribution consistent with the requirement that all telecommunications carriers

“contribute[] on an equitable and nondiscriminatory basis,” possibly as part of comprehensive Universal Service Fund reform?

81. If commenters suggest that we should forbear from applying the support provisions of section 254 in the context of broadband Internet connectivity service, we ask them to provide alternative proposals to ensure universal availability of broadband Internet connectivity services, and to assess the legal sustainability of proposed alternatives. If commenters suggest that we forbear from (or delay) applying the mandatory contribution provisions of section 254, what would be the consequences for the Universal Service Fund? The Commission has statutory authority to assess any provider of interstate telecommunications if that would serve the public interest. Nothing in this Notice should be understood to limit the Commission's ability to exercise this authority during the pendency of this proceeding.

82. Possible Exclusion from Forbearance: Section 222. Section 222 of the Communications Act requires providers of telecommunications services to protect their customers' confidential information, as well as proprietary information of other telecommunications service providers and equipment manufacturers. As discussed above, the Commission has supported applying this provision in the broadband context. Section 222 would appear to provide the Commission clear authority to implement appropriate privacy requirements for broadband Internet connectivity. We question, however, whether it would be in the public interest to apply section 222 to broadband Internet connectivity service immediately. It might be more effective for the Commission to interpret the specific provisions of section 222, including the definition of “customer proprietary network information,” in the broadband context before requiring broadband Internet connectivity providers to comply. Proceeding otherwise could cause confusion and disparity among broadband Internet connectivity providers, and confusion for consumers. Compliance with section 222 could also be more expensive if the provision took effect immediately, and we later adopted specific rules. On the other hand, most providers are already subject to privacy requirements, at least for other services they provide; their costs of immediate compliance with section 222 may not outweigh the benefit to consumers of quick assurance of their privacy while using broadband Internet connectivity services. In

addition, section 631 of the Communications Act requires cable operators to fulfill certain obligations with respect to consumer privacy for cable or “other service[s]” to which a consumer subscribes. The term “other service” includes “any wire or radio communications service provided using any of the facilities of the cable operator that are used in the provision of cable service.” How should the obligations of sections 222 and 631 be reconciled for cable operators offering broadband Internet service? More broadly, we seek comment on the application of section 222 to any wired broadband Internet connectivity service that may be classified as a telecommunications service, and on whether the public interest would be served by permitting section 222 to apply in the absence of new implementing rules. The Commission has previously forbore temporarily from applying a statutory provision or regulation. In 1994, soon after Congress authorized the Commission to deregulate wireless services, the Commission forbore temporarily from requiring or permitting CMRS providers to file tariffs for interstate access service. And in 2005, the Commission temporarily forbore from carrier eligibility requirements for universal service support, to provide victims of Hurricane Katrina access to wireless phone service.

83. One aspect of retaining the information service classification for broadband Internet service (other than for the Internet connectivity telecommunications service that may be offered separately with broadband Internet service) is that it minimizes interference with the FTC’s ability to enforce the Federal Trade Commission Act’s prohibition of unfair, deceptive, or anticompetitive practices by broadband Internet service providers. Section 5(a)(1) of the FTC Act declares to be unlawful all “[u]nfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce,” but section 5(a)(2) of the FTC Act restricts the FTC’s ability to enforce this prohibition with respect to common carrier activities. We seek comment on how the Commission might use its authority under section 222 to ensure privacy for users of Internet connectivity without significantly compromising the FTC’s ability to address privacy issues involving broadband Internet services and applications.

84. *Possible Exclusion from Forbearance: Section 255.* Section 255 requires telecommunications service providers to make their services accessible to individuals with

disabilities, unless not reasonably achievable. As discussed above, the Commission has repeatedly expressed its intent to apply this requirement in the broadband context.

85. We seek comment on the appropriateness of implementing section 255 to ensure that Americans with disabilities have access to broadband Internet connectivity services. As with section 222, might it be appropriate to apply section 255 only after a separate notice-and-comment proceeding that allows detailed consideration of disabilities-access issues in the broadband context? We seek comment on implementation questions and other issues related to the application of section 255.

86. *Scope of Forbearance Generally.* We believe that the six sections we have just discussed—sections 201, 202, 208, 222, 254, and 255—could compose a sufficient set of tools for effecting the established policy approach and implementing the Commission’s goals for 21st Century communications. Are there others that should be added to this list? Some provisions of Title II relate directly or indirectly to the effective application and enforcement of the six provisions we have identified. Section 214, for example, deals primarily with “Extension of Lines” yet contains section 214(e), which provides the framework for determining which carriers are eligible to participate in universal service support programs. Similarly, section 251(a)(2) directs telecommunications carriers “not to install network features, functions, or capabilities that do not comply with the guidelines and standards established pursuant to section 255,” and section 225 establishes the telecommunications relay services program. Is application of these or any other provisions of Title II required to allow effective implementation and enforcement of the six provisions identified above? If so, should the Commission exempt such provisions from forbearance for administrative reasons, if this third approach to classification is adopted?

87. Are there provisions of Title II from which we lack authority to forbear? Section 10(a) directs the Commission to forbear from applying regulations or provisions of the Communications Act to telecommunications carriers or services in those instances where the Commission determines that the particular provision is unnecessary to ensure that carrier “charges, practices, classifications, or regulations * * * are just and reasonable and are not unjustly or unreasonably discriminatory;” enforcement of such regulation is “not

necessary for the protection of consumers;” and forbearance is consistent with the public interest. We ask whether section 10 provides authority to forbear from provisions of the statute that do not directly impose obligations on carriers. For example, section 224 provides the framework for the Commission’s regulation of pole attachments, including the rates therefor. Does section 10 provide the Commission authority to forbear from section 224 insofar as it imposes rate-related obligations on the Commission and utilities that own poles, rather than on telecommunications carriers or telecommunications services?

88. Similarly, section 253 permits the Commission to preempt state regulations that prohibit the provision of telecommunications services. Does section 10 provide the Commission authority to forbear from section 253, which does not impose obligations on telecommunications carriers? If the Commission were to forbear from section 253, how would the Commission’s general authority to preempt inconsistent state requirements be affected?

89. Congress created the Commission in part “for the purpose of the national defense, [and] for the purpose of promoting safety of life and property through the use of wire and radio communication.” Would it be consistent with the Commission’s mission with respect to promoting safety of life and property, and consumer protection generally, to forbear from the portions of section 214(a) that address discontinuance, reduction, or impairment of service? Would it be consistent with our mission to forbear from section 214(d), which allows the Commission to require a carrier “to provide itself with adequate facilities for the expeditious and efficient performance of its service”; or section 218, which permits the Commission to “inquire into the management of the business of all carriers subject to this Act”? Does section 10 provide authority to forbear from these provisions? Should the Commission exclude them from forbearance so it may proceed with, for example, cybersecurity or data gathering initiatives, or would authority under sections 201 and 202 (or other provisions) be sufficient? How would forbearance from these provisions affect the Commission’s ability to promote adequate service to underserved communities?

90. Also with regard to our national defense and homeland security mission, we note that section 229 directs the Commission to implement the provisions of the Communications

Assistance for Law Enforcement Act (CALEA). CALEA is a separate statute that requires “telecommunications carriers” to meet certain assistance capability requirements in support of electronic surveillance. The Commission has previously found that CALEA’s definition of “telecommunications carrier” is broader than the definition of “telecommunications carrier” in the Communications Act. All service providers that are “telecommunications carriers” under the Communications Act are also “telecommunications carriers” subject to CALEA, and some providers—including facilities-based broadband Internet access providers—are subject to CALEA even if they are not “telecommunications carriers” as defined in the Communications Act. Specifically, the Commission held in 2005 that “facilities-based providers of any type of broadband Internet access service, including but not limited to wireline, cable modem, satellite, wireless, fixed wireless, and broadband access via powerline are subject to CALEA.” Thus, it appears that regardless of whether we maintain the current statutory classification for broadband Internet service or classify Internet connectivity (or some other service) as a telecommunications service, CALEA will continue to apply to these providers. We seek comment on this analysis. In addition, as we do with regard to the sections described just above, we seek comment on whether section 10 would provide authority to forbear from section 229, and on whether forbearance from application of section 229 would be consistent with the purposes for which CALEA was enacted and the public interest. Finally, we emphasize that section 10 does not provide the Commission authority to forbear from provisions of CALEA or any other statute other than the Communications Act.

91. Section 257(c) requires the Commission to make periodic reports to Congress concerning the elimination of previously identified barriers to market entry by entrepreneurs and other small businesses. This obligation applies to “the provision and ownership of telecommunications and information services” and thus applies regardless of the legal classification of broadband Internet service and broadband Internet connectivity service. It thus would appear that none of the three alternative approaches suggested here would affect the Commission’s duty to make the mandated reports. Nor, given the importance of lowering barriers to market entry, do we contemplate any

circumstance in which it would be sound policy to cease making the reports. We seek comment on these issues and on how best to ensure that the obligation of section 257(c) is preserved in this context.

92. We further seek comment on whether there are provisions of Title II that would require interpretation even after forbearance. For example, would forbearance from section 203 mean that carriers may not file tariffs even if they want to, or just that they are not required to do so? Would the Commission’s review of transactions involving providers of broadband Internet connectivity service be affected if the Commission forbore from applying section 214?

93. We also seek comment on whether there are approaches superior or complementary to forbearance that the Commission should consider as means of easing regulatory burdens. For example, in the past the Commission has “streamlined” the statutory procedures that apply to non-dominant carriers, and has granted blanket authority to all carriers under section 214 to provide domestic interstate services and to construct, acquire, or operate any domestic transmission line. Is any similar approach appropriate here?

94. Finally, we seek comment on the role of third party standard setting bodies if the Commission were to adopt one of the deregulatory approaches described here.

Application of the Statutory Forbearance Criteria

95. *Charges, Practices, Classifications, and Regulations.* In 2002, when the Commission decided to classify cable modem service as an information service, only 12 percent of American adults had broadband at home. Now nearly two-thirds of American adults use broadband at home. In just the last two years, home broadband use has grown more than 25 percent. The quality and availability of broadband services continue to improve, with cable and telephone companies investing about \$20 billion in wireline broadband capital expenditures in 2008 and about \$18 billion in 2009. As described in the National Broadband Plan, “[t]op advertised speeds available from broadband providers have increased in the past few years. Additionally, typical advertised download speeds to which consumers subscribe have grown approximately 20% annually for the last 10 years.”

96. Still, a number of reported incidents suggest there is a role for the Commission. Comcast’s secret

disruption of its customers’ peer-to-peer communications, which the Commission determined to be unjustified, is one example. There have been recent reports involving: AT&T’s alleged failure to deliver DSL service at the speeds promised; allegations that although RCN promised subscribers “fast and uncapped” broadband, it delayed or blocked peer-to-peer file transfers without users’ knowledge or consent; and Windstream’s redirection of subscribers who used the default search function in the Firefox web browser to a Windstream “landing page.” Furthermore, legislative developments described above suggest that Congress is not satisfied with the pace of broadband deployment, adoption, and utilization.

97. We seek comment on whether, in light of the current charges, practices, classifications, and regulations of broadband Internet connectivity service providers, it would be consistent with section 10(a)(1) for the Commission to forbear from all provisions of Title II except the six identified provisions. If we found on the record developed in response to this Notice that the marketplace for broadband Internet connectivity services is operating sufficiently well with regard to competition and consumers’ interests, then retaining only the authority in sections 201, 202, and 208; reforming universal service under section 254; and continuing to enforce the privacy and access provisions of sections 222 and 255 could be sufficient to address current and foreseeable future concerns.

98. *Protection of Consumers and the Public Interest.* Section 10(b) directs the Commission, in making its public interest analysis, to “consider whether forbearance from enforcing the provision or regulation will promote competitive market conditions.” As discussed above, the goals of any action to classify broadband Internet connectivity as a telecommunications service would include preserving the Commission’s ability to step in when necessary to protect consumers and fair competition, while generally refraining from regulation where possible. Further, the Commission has tools to promote competition for broadband Internet services that would be unaffected by the forbearance proposal discussed here. We seek comment on this element of the forbearance test.

Maintaining Forbearance Decisions

99. We seek comment on whether, if we forbore from applying those provisions of Title II that go beyond minimally intrusive Commission oversight, that decision would likely

endure. Section 10 allows the Commission to revisit a decision to forbear. Normally, to depart from a prior decision, an agency may simply acknowledge that it is doing so and provide a rational explanation for the change, which may or may not need to be more detailed than the explanation for the original decision. The agency “need not demonstrate to a court’s satisfaction that the reasons for the new policy are better than the reasons for the old one.” Section 10, though, requires the Commission to forbear if the statutory criteria are met. Thus, to reverse a forbearance decision, the Commission must find that at least one of the criteria is no longer met with regard to a particular statutory provision. That determination would be subject to judicial review, and the Supreme Court has stated that an agency must “provide a more detailed justification than what would suffice for a new policy created on a blank slate” in instances where, for example, “its new policy rests upon factual findings that contradict those which underlay its prior policy; or when its prior policy has engendered serious reliance interests that must be taken into account.” Reversal of forbearance also might be in arguable tension with section 706(a) of the 1996 Act, which directs the Commission to “encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans * * * by utilizing, in a manner consistent with the public interest, convenience, and necessity, * * * regulatory forbearance.” We seek comment on the Commission’s authority to reverse a forbearance decision concerning broadband Internet connectivity service. We also seek comment on what provisions, if any, could appropriately be included in a forbearance order to establish a heightened standard for justifying future “unforbearance.”

100. If the Commission were to elect the option of classifying Internet connectivity as a telecommunications service but forbearing from most of Title II, then a reviewing court could in theory uphold the classification determination but vacate the accompanying forbearance in whole or in part. In that situation, the Commission could maintain the classification of broadband Internet connectivity service as telecommunications service and allow the relevant provisions of Title II, which the court restored, to apply. We seek comment on any lawful mechanisms that (assuming adoption of the third

classification option) could be utilized to address this theoretical situation, even if that means the Commission would not, in the post-litigation situation just described, ultimately maintain the classification of Internet connectivity as a telecommunications service.

Effective Dates

101. If the Commission decided to alter its current approach to Internet connectivity service, affected providers might need time to adjust to any new requirements. To reflect this, the Commission could delay the effective date of a classification (or classification and forbearance) decision for 180 days after release, or another suitable period. Moreover, as discussed above, certain provisions of Title II, such as sections 222, 254(d), and 255, could be phased-in on an even longer timetable. We seek comment on the effective date the Commission should adopt for a classification decision under one of the approaches proposed here, or an alternative approach identified by the commenter.

Terrestrial Wireless and Satellite Services

102. The Commission currently classifies broadband Internet service solely as an information service regardless of whether it is provided over cable facilities, wireline facilities, wireless facilities, or power lines. At the same time, the Commission has in the past taken a deliberate approach to extending its classification framework. In particular, though the Commission had classified all cable modem and wireline Internet access services as information services by 2005, it was not until 2007 that it extended that classification to wireless broadband Internet services, even though the first 3G networks went into service in 2003.

103. We seek comment on which of the three legal frameworks specifically discussed in this Notice, or what alternate framework, would best support the Commission’s policy goals for wireless broadband. In addition, as the Commission recently noted in the *Open Internet NPRM*, “there are technological, structural, consumer usage, and historical differences between mobile wireless and wireline/cable networks.” We seek comment on whether these differences are relevant to the Commission’s statutory approach to terrestrial wireless and satellite-based broadband Internet services. Do consumers today view wireless broadband as a substitute for wired services? How are terrestrial wireless

and satellite Internet services purchased, provided, and perceived?

104. Several provisions of Title III of the Communications Act provide the Commission authority to impose on spectrum licensees obligations that are in the public interest. For example, section 301 provides the Commission authority to regulate “radio communications” and “transmission of energy by radio.” Under section 303, the Commission has the authority to establish operational obligations for licensees that further the goals and requirements of the Act if the obligations are in the “public convenience, interest, or necessity” and not inconsistent with other provisions of law. Section 303 also authorizes the Commission, subject to what the “public interest, convenience, or necessity requires,” to “[p]rescribe the nature of the service to be rendered by each class of licensed stations and each station within any class.” Section 307(a) likewise authorizes the issuance of licenses “if public convenience, interest, or necessity will be served thereby.” Section 316 provides a similar test for new conditions on existing licenses, authorizing such modifications if “in the judgment of the Commission such action will promote the public interest, convenience, and necessity.” On the other hand, Title III provides the Commission no express authority to extend universal service to wireless broadband Internet services. We seek comment on whether these or other technical, market, or legal considerations justify different classification of wireless and wired broadband Internet services. We also seek comment on whether our approach to classification of non-facilities-based Internet service providers should be different in the wireless context, or the same as in the wired context.

105. In addition, section 332 sets forth various provisions concerning the regulatory treatment of mobile wireless service. Sections 332(c)(1) and (c)(3), in particular, require that CMRS providers be regulated as common carriers under Title II of the Act. To what extent should section 332 of the Act affect our classification of wireless broadband Internet services? Section 332(c)(1) gives the Commission the authority to specify certain provisions of Title II as inapplicable to CMRS providers. If the Commission were to take the third way described above in the wireless broadband context, could it and should it apply section 332(c)(1) as well as section 10 in its forbearance analysis? We also seek comment on whether the Commission would have reason to apply sections 201 and 202 differently

to wireless and wired broadband Internet services.

106. We also ask commenters to address whether, if the Commission were to alter its present approach to broadband Internet service, it would be preferable for the Commission to address wireless services at the same time that it addresses wired services, or whether there are reasons for the Commission to defer a decision on classification of non-wired broadband Internet services (and any associated forbearance if a wireless broadband telecommunications service is identified).

Non-Facilities-Based Internet Service Providers

107. In 1998, the Commission addressed non-facilities-based Internet service providers and concluded that they provided only information services. In *Brand X*, Justice Scalia stated in his dissent that non-facilities-based Internet service providers using telephone lines to provide DSL service stand in a different position in the eyes of the consumer than the provider of the physical connection. Some industry members have suggested, however, that providers of Internet connectivity could avoid compliance with consumer protection measures by relying on non-facilities-based affiliates to offer retail broadband Internet service. We seek comment on what policy goals we should have for non-facilities-based Internet service providers, and what legal foundation for non-facilities-based Internet service providers can best support effective implementation of those goals.

Internet Backbone Services, Content Delivery Networks, and Other Services

108. The focus of this proceeding is limited to the classification of broadband Internet service. We remain cognizant that, under the Act, all information services are provided “via telecommunications,” and therefore the use of telecommunications does not, on its own, warrant the identification of a separate telecommunications service component. For example, we do not intend to address in this proceeding the classification of information services such as e-mail hosting, web-based content and applications, voicemail, interactive menu services, video conferencing, cloud computing, or any other offering aside from broadband Internet service. Services that utilize telecommunications to afford access to particular stored content, such as content delivery networks, also are outside the scope of this proceeding. Nor do we intend here to address or

disturb our treatment of services that are not sold by facilities-based Internet service providers to end users in the retail market, including, for example, Internet backbone connectivity arrangements. In short, the Commission proposes not to change its treatment of services that fall outside a commonsense definition of broadband Internet service. We seek comment on whether any of the three legal approaches described in this Notice would affect these services directly or indirectly, and how we should factor that into our decision-making about the treatment of broadband Internet service.

109. In a separate proceeding, the Commission has asked for public comment on the treatment of other services (including Internet-Protocol-based voice and subscription video services) that may be provided over the same facilities used to provide broadband Internet service to consumers, but that have not been classified by the Commission. The Commission has described these as “managed” or “specialized” services, and recognized “that these managed or specialized services may differ from broadband Internet services in ways that recommend a different policy approach, and it may be inappropriate to apply the rules proposed here to managed or specialized services.” We do not intend to address the classification or treatment of these services in this proceeding. We seek comment on whether any of the three legal approaches identified in this Notice would affect these services directly or indirectly, and how we should factor that into our decision-making about the treatment of Internet connectivity service.

State and Local Regulation of Broadband Internet and Internet Connectivity Services

110. We also ask commenters to address the implications for state and local regulation that would arise from the three proposals described above. Under each of the three approaches, what would be the limits on the states’ or localities’ authority to impose requirements on broadband Internet service and broadband Internet connectivity service?

111. We anticipate that if a state were to impose requirements on broadband Internet connectivity service or broadband Internet service that are contrary to a Commission decision not to apply similar requirements, we would have authority under the Communications Act and the Supremacy Clause of the United States Constitution (Article III, section 2) to preempt those state requirements. In

addition, section 10(e) provides that “[a] State commission may not continue to apply or enforce any provision of this Act that the Commission has determined to forbear from applying.” We seek comment on the application of these provisions in the context of broadband Internet service and broadband Internet connectivity service, the states’ role in the broadband marketplace, and how our decision to apply or not apply section 253 could relate to this authority.

Related Actions

112. We seek comment on whether there are actions we can and should take outside the proceeding this Notice initiates to implement the established policy approach to broadband Internet service. As one example, the Commission could decline to pursue the “open access” policies for cable modem service on which the Commission sought comment in 2002 when it decided to classify cable modem service as a single information service. We seek comment on terminating the docket initiated by the notice of proposed rulemaking that accompanied the *Cable Modem Declaratory Ruling*, and we invite additional proposals.

Procedural Matters

Paperwork Reduction Act

113. This document does not contain proposed information collection(s) subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104–13. In addition, therefore, it does not contain any new or modified “information collection burden for small business concerns with fewer than 25 employees,” pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107–198, *see* 47 U.S.C. 3506(c)(4).

Ex Parte Presentations

114. The inquiry this Notice initiates shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s *ex parte* rules. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain summaries of the substance of the presentations and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented generally is required. Other requirements pertaining to oral and written presentations are set forth in § 1.1206(b) of the Commission’s rules.

Ordering Clause

115. Accordingly, *it is ordered* that, pursuant to the authority contained in sections 4(i), 4(j), 10, 218, 303(b), 303(r), and 403 of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 154(j), 160, 218, 303(b), 303(r), and 403, this Notice of Inquiry *is adopted*.

Federal Communications Commission.

Marlene H. Dortch,
Secretary.

[FR Doc. 2010-15349 Filed 6-23-10; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL DEPOSIT INSURANCE CORPORATION

Sunshine Act Meeting

Pursuant to the provisions of the "Government in the Sunshine Act" (5 U.S.C. 552b), notice is hereby given that at 10:23 a.m. on Tuesday, June 22, 2010, the Board of Directors of the Federal Deposit Insurance Corporation met in closed session to consider matters related to the Corporation's supervision and resolution activities.

In calling the meeting, the Board determined, on motion of Director Thomas J. Curry (Appointive), seconded by Vice Chairman Martin J. Gruenberg, concurred in by Director John E. Bowman (Acting Director, Office of Thrift Supervision), Director John C. Dugan (Comptroller of the Currency), and Chairman Sheila C. Bair, that Corporation business required its consideration of the matters which were to be the subject of this meeting on less than seven days' notice to the public; that no earlier notice of the meeting was practicable; that the public interest did not require consideration of the matters in a meeting open to public observation; and that the matters could be considered in a closed meeting by authority of subsections (c)(2), (c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), (c)(9)(B), and (c)(10) of the "Government in the Sunshine Act" (5 U.S.C. 552b(c)(2), (c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), (c)(9)(B), and (c)(10)).

The meeting was held in the Board Room of the FDIC Building located at 550-17th Street, NW., Washington, DC.

Dated: June 22, 2010.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

[FR Doc. 2010-15496 Filed 6-22-10; 4:15 pm]

BILLING CODE P

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

[Docket No. AS10-2]

Appraisal Subcommittee; Rules of Operation; Amendment

AGENCY: Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

ACTION: Notice of amendment to rules governing the Chairperson and Vice Chairperson of the Appraisal Subcommittee.

SUMMARY: The Appraisal Subcommittee (Subcommittee) of the Federal Financial Institutions Examination Council is amending the following sections:

Section 3.04 of the Rules of Operation, which sets forth the term of the Chairperson and designation of a person to act in the absence of the Chairperson, as amended will define the Chairperson's term to expire on March 31 every even-numbered year. The language to designate a person to act in the Chairperson's absence will be deleted due to the proposed amendment for selection of a Vice Chairperson. A subsection 3.04.a will be added which sets forth the selection process of the Vice Chairperson, and describes the Vice Chairperson's term and duties.

Section 3.06 of the Rules of Operation designates the Vice Chairperson to preside over Subcommittee meetings in the Chairperson's absence.

DATES: *Effective Date:* Immediately.

FOR FURTHER INFORMATION CONTACT: James R. Park, Executive Director, at (202) 595-7575, or Alice M. Ritter, General Counsel, at (202) 595-7577, via Internet e-mail at jim@asc.gov and alice@asc.gov, respectively, or by U.S. Mail at Appraisal Subcommittee, 1401 H Street, NW., Suite 760, Washington, DC 20005.

SUPPLEMENTARY INFORMATION: The Subcommittee, on May 29, 1991, adopted Rules of Operation, which were published at 56 FR 28561 (June 21, 1991). The Rules of Operation describe, among other things, the organization of Subcommittee meetings, notice requirements for meetings, quorum requirements and certain practices regarding the disclosure of information. The Subcommittee approved by notation vote on May 5, 2010, substantive revisions to Sections 3.04 and 3.06 of the Rules of Operation to address the appointment of a Vice Chairperson for the Subcommittee.

The Subcommittee is publishing new Sections 3.04, 3.04.a and 3.06 to conform with 5 U.S.C. 552(a)(1)(C), which requires the publication of

agency rules of operation in the **Federal Register**. The notice and publication requirements of 5 U.S.C. 553 do not apply to the adoption of Sections 3.04 and 3.06 because it is a "rule of agency organization, procedure, or practice" exempt from the public notice and comment process under 5 U.S.C. 553(b)(3)(A).

Based on the foregoing, the Subcommittee adopts new Sections 3.04, 3.04.a and 3.06 of the Rules of Operation, as follows, effective immediately:

Rules of Operation

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Article III Members of the Subcommittee

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Section 3.04. *Chairperson of the Subcommittee.* The Council shall elect a Chairperson of the Subcommittee. The term of office of the Chairperson shall be for a two-year term. Section 1104(a)(12) U.S.C. 3333(a)). The Chairperson's term shall expire on March 31 every even-numbered year. The Chairperson shall carry out all duties required by the Act and these Rules and shall perform such other duties as from time to time may be assigned by the Subcommittee.

Section 3.04.a. *Vice Chairperson of the Subcommittee.* The outgoing Chairperson shall serve as the Vice Chairperson for a period of one year, with the term ending March 31. During the March meeting, the Subcommittee shall vote upon a Vice Chairperson to serve for the next one-year term, which shall coincide with the second year of the Chairperson's two-year term. It is anticipated that the Vice Chairperson could serve as the next Chairperson, if so elected by the Council. The Vice Chairperson shall assist the Chairperson as needed, and shall act on behalf of the Subcommittee in the absence or incapacity of the Chairperson.

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Section 3.06. *Organization of Subcommittee Meetings.*

(a) The Chairperson of the Subcommittee shall preside at Subcommittee meetings. In his or her absence, the Vice Chairperson shall preside at such Subcommittee meeting.

(b) The Secretary, or in the absence of the Secretary, any person designated by the Chairperson, shall draft and transmit the minutes of the meeting to each member. The Executive Director is appointed to serve as Secretary, and shall be responsible for recording the minutes, including the full text of each resolution voted on by the Subcommittee and the substance of each action voted on by the Subcommittee as